



ACTION ALERT - Vital Health and Human Services At Risk

COHHIO Advocates...Please support Campaign to Protect Ohio's Future

TUESDAY, MAY 12 . . . ACTION NEEDED TODAY! Please endorse and join the Campaign to Protect Ohio's Future in urging Ohio's Governor and Lawmakers to solve the state's fiscal crisis using a balanced approach that includes increasing revenues to provide adequate funding and avoiding further cuts to services that vulnerable Ohioans are relying on to make it through the larger economic crisis that is resulting in people losing their jobs, diminished savings and retirement accounts, loss of health coverage, and people we know (family, friends, neighbors, coworkers) going to bed hungry. Balancing Ohio's budget deficit cannot be done by cuts alone! A recent Ohio poll reveals **57% of Ohioans, when specifically asked about alternatives to budget cuts favor a budget proposal that increases taxes to avoid cuts in state services.**

Go to <http://www.protectohio.org/Endorse.htm> and fill out an endorsement form (it takes 2 minutes or less)

OR

fill out the attached endorsement form and return to:

Mail to: Campaign to Protect Ohio's Future
510 E. Mound Street, Suite 200
Columbus, Ohio

Fax to: 216-432-7252, attn Liz Cornachione.

Background

On Tue, May 5th the Governor's administration announced a \$600-\$900 million hole in the current FY09 budget (this is in addition to three previous cuts to the current budget totaling \$1.9 Billion). The most likely solution in the short term is to use the state's rainy day fund. This creates a severe funding problem in balancing the state's next biennial budget because the entire rainy day fund was used in creating the FY 2010-2011 budget. Before it's all said and done, the 10-11 budget could be short \$3 Billion once revenue projections come out at the end of May. A \$3 Billion shortfall cannot be dealt with by cuts alone without decimating the health and human services safety net by eliminating vital services to Ohioans who need them most.

Reconciling a \$3 Billion shortfall through cuts alone would decimate vital health and human services to all Ohioans! What's at stake?

·Services for abused and neglected children

- Food programs for Ohioans, including children and seniors
- Home nurse visits for at-risk infants
- Services for people with mental illnesses
- Child care services for children
- Health care for uninsured adults
- After-school programs for school-aged children
- Community services for senior citizens
- Reduced financial aid and scholarship programs for college students
- Waiver slots for persons with developmental disabilities
- Kinship supportive services for children
- Care for uninsured adults and community health centers, including family planning, prenatal care and well-child care

The Campaign to Protect Ohio's Future recognizes the difficult decisions and choices Ohio's leaders and policymakers face when crafting the state's 2010-2011 budget. However, the only response to budget shortfalls cannot be to further cut services to Ohio's most vulnerable children, families, seniors, and those struggling to make ends meet during this downturn in the economy.

During difficult economic times, it is even more important to focus resources on local services that keep our workforce strong and help our families hang on. In order to avoid additional cuts and restore funds to services desperately needed by Ohioans, we call on our Governor and Lawmakers to increase revenues to help meet these needs. Ohio's budget cannot be balanced only by cuts. We need to increase state revenues to provide necessary funding for such critical areas as health, education, safety and social services.

The Campaign does not recommend a specific revenue increase but has catalogued some potential revenue increases being considered in our state and others (see attached). Please join the Campaign to Protect Ohio's Future by endorsing our appeal to Ohio's Governor and Legislators to solve the state's fiscal crisis using a balanced approach that includes increasing revenues to provide adequate funding and avoiding further cuts to services that vulnerable Ohioans are relying on!

If you are interested in personally writing the Governor or your state legislators, a sample letter is attached. Send letters to
Governor Ted Strickland
Statehouse
Columbus, Ohio 43215

To find your state Representative or Senator by zip code, go to
http://www.legislature.state.oh.us/search.cfm#reps_zip

Thank you! Greg
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Campaign to Protect Ohio's Future

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Possible Ohio Revenue Options: For Discussion Purposes Only

- Cuts in the personal income tax could be restored:
 - Restoring the last across-the-board rate cut in the personal income tax, currently being implemented, would save more than \$400 million a year.
 - Restoring the top personal-income tax rate of 7.5% -- the level in 2005 -- for incomes over \$200,000 a year would yield estimated annual revenue of \$470 million
 - A roll back of the personal income tax rates across the board to 2007 levels would generate roughly \$800 million, (double the amount for the final year rollback)
- Restricting tax breaks could generate up to \$150 million a year. For consideration:
 - Levy sales tax on lobbying and debt collection
 - Eliminate the tax on dealers in intangibles and require such companies to pay the corporate franchise tax for financial institutions
 - Means-test the 10% and 2.5% property-tax rollbacks for residential homeowners and owner occupants
 - Tighten the residency requirement for the state income tax
 - Apply the Commercial Activity Tax to suppliers of large distribution centers
 - Eliminate the credit companies with large previous losses will be able to take against the CAT
 - Revoke the ability of certain trusts to choose whether to pay the CAT or the individual income tax
 - Repeal the sales-tax exemption for equipment used in retailers' warehouses
 - Consider limiting the exclusion of goodwill, appreciation and abandoned property from the net worth tax on financial institutions.

- Eliminating the \$20 personal exemption credit for the personal income tax would generate about \$152 million.
- Raising the cigarette tax 1 cent per cigarette would generate \$130 million and doubling the current tax on other tobacco products would generate \$20 million.
- A temporary increase in the sales tax would yield about \$675 million for each ½ percentage point increase.
- Ohio should examine other states' initiatives to increase revenues through liquor taxes, and taxes on soda and bottled water.
- House Bill 66, the 2005 tax reform, reduced business taxes by \$1 billion or more a year by replacing the corporate franchise tax and the tangible personal property tax with the new Commercial Activity Tax (CAT). There are a number of ways to restore some of the lost revenue:
 - Increase the rate of the Commercial Activity Tax. Each 0.01 percent increase in the CAT would generate about \$50 million or more in annual revenue (currently, the CAT is due to reach its full rate of 0.26 percent in April 2009). The state could also increase the minimum CAT payment of \$150 a year; a \$50 increase would generate \$6 million annually.
 - Plan for possible court decisions invalidating the CAT for food sellers and declaring the CAT must be used for highway purposes only, respectively, if either of those should happen by (a) increasing the rate of the CAT according to the lost revenue, or (b) reinstating the corporate franchise tax for food sellers and oil marketers, or some combination of the two.
 - The final cut in the corporate franchise tax could be halted. This would leave the tax at 20% of its rate when the tax cuts began. Estimated GRF revenue in FY09: \$305 million. This tax should also be strengthened so companies can't easily shift Ohio income out of state (would produce tens of millions of dollars annually).

Dear Representative/Senator:

I am the Executive Director of *(your organization)*. We *(talk about your mission/services/clients served)*. In the past two years we have seen dramatic funding reductions in many areas that directly impact those we work with such as *(specific reductions in your area of work)*. At the same time, we have seen increasing need for our services.

We understand how difficult this budget is, but our response cannot be to cut services for Ohio's most vulnerable families and children. During difficult economic times, it is even more important to focus resources on local services that keep our workforce strong and help our families hang on. In order to avoid additional cuts and restore funds to services desperately needed by Ohio's families, we ask that you increase revenues to help meet these needs. Ohio's budget cannot be balanced only by cuts. We need to increase state revenues to provide necessary funding for such critical areas as health, education, safety and social services.

With the economic downturn, people in our communities need more help now than ever before. Families struggling to put food on the table rely on the state to help provide basic needs and services. Yet the proposed state budget for 2010-2011 leaves so many people still in need of help. The current budget does not include badly needed programs like: *(pick any or all)*

- \$62 million to protect abused and neglected children and our frail elderly
- \$17 million to provide basic food assistance
- \$10 million for community based services for our elderly
- \$30 million for people with mental illness
- \$10 million for Kinship Care services
- \$22 million for child care for low-income families
- \$21 million for Help Me Grow
- \$10 million for community health care
- \$11 million to stop the erosion of important local services as a result of the elimination of the Tangible Personal Property Tax
- \$2.5 million for Independent Living Services
- \$130 million for delivery of basic human services at the county level including food stamps, cash assistance, job readiness and job training and health care

Please make revenue increases part of the solution to this fiscal crisis. Thank you for your leadership.

Sincerely,